

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Empire District Electric)	
Company of Joplin, Missouri for Authority)	
to File Tariffs Increasing Rates for Electric)	<u>Case No. ER-2006-0315</u>
Service Provided to Customers in the)	
Missouri Service Area of the Company)	

**RESPONSE TO RESPONSE OF THE EMPIRE DISTRICT ELECTRIC
COMPANY TO STAFF RECOMMENDATION**

COMES NOW the Office of the Public Counsel and for its Response to Response of The Empire District Electric Company to Staff Recommendation as follows:

1. In its Response filed on December 28, 2006 the Empire District Electric ignores the issue raised on page 7 of the Staff's December 28 filing. The tariff sheets as filed, and as Staff recommends be approved, award Empire approximately five million dollars on the assumption that Empire won an issue that the Commission failed to address.

2. The Commission did not address, much less resolve, the issue of what risk factor should be applied to off-balance-sheet obligations. Public Counsel proposed the use of a 10 percent risk factor; Staff and Empire proposed the use of a 50 percent risk factor. After the Commission issued its Report and Order, Empire filed proposed tariff sheets alleged to comply with it. In its calculation of the revenue requirement increase awarded by the Report and Order, Empire assumed that it won this issue, and calculated the rates in the proposed tariffs based on that assumption. In its recommendation to approve the tariffs, Staff made the same assumption. In this case, because the only parties allowed input on whether the proposed tariffs comport with the Report and Order

(Empire and Staff) agreed on this issue, if the Commission approves the proposed tariffs, it will allow Empire to raise rates by five million dollars even though the Commission never decided the issue in Empire's favor.

WHEREFORE, Public Counsel respectfully requests that the Commission deny Empire's Motion for Expedited Consideration and Approval of Tariff Sheets Filed in Compliance with Commission Order on Less than Thirty Days' Notice.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By:_____

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all parties this 29th day of December 2006.

/s/ Lewis R. Mills, Jr.

By:_____